



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

CHRISTOPHER M. HARKINS  
DIRECTOR

November 19, 2021

The Honorable Jim Stamas, Chair  
Senate Appropriations Committee  
Michigan State Senate  
State Capitol  
Lansing, Michigan 48909

The Honorable Thomas Albert, Chair  
House Appropriations Committee  
Michigan House of Representatives  
State Capitol  
Lansing, Michigan 48909

Dear Legislators:

SUBJECT: Supplemental Request 2021-11

Attached please find supplemental recommendations for fiscal year 2021 which are summarized by department below.

<u>Department</u>	<u>GF/GP</u>	<u>Gross</u>
Health and Human Services	\$35,000,000	\$37,702,100
Military and Veterans Affairs	\$0	\$0
Natural Resources	\$1,000,000	\$4,500,000
State Police	\$0	\$144,400,000
Treasury	\$0	\$0
<b>Total</b>	<b>\$36,000,000</b>	<b>\$186,602,100</b>

If you have any questions regarding this request, please contact Bethany Wicksall at (517) 335-3420.

Sincerely,

Christopher M. Harkins  
State Budget Director

Attachment

cc: Mike Shirkey, Senate Majority Leader  
Jason Wentworth, Speaker of the House  
Jim Ananich, Senate Minority Leader  
Donna Lasinski, House Minority Leader  
Senate Appropriations Committee  
House Appropriations Committee  
Senate Fiscal Agency  
House Fiscal Agency

Departments  
JoAnne Huls, Chief of Staff  
Tricia Foster, Chief Operating Officer  
Jen Flood, Deputy Chief of Staff  
George Cook, Director of Legislative Affairs  
Bethany Wicksall, Deputy State Budget Director  
Heather Boyd, Office of Financial Management  
Internal State Budget Office

**Report ID:** BUD-SUPLET-0047**SIGMA****Run Date:** 11/18/2021**Supplemental Letter Detail****Run Time:** 1:27:56 PM**Supplemental Letter # 2021-11****Health and Human Services**

<b>Appropriation Summary</b>	<b>Appn/Fund</b>	
<b>GROSS APPROPRIATION</b>		<b>37,702,100</b>
Total interdepartmental grants and interdepartmental transfers	IDGT	802,100
<b>ADJUSTED GROSS APPROPRIATION</b>		<b>36,900,000</b>
Total federal revenues	FDRL	0
Total local revenues	LOCL	0
Total private revenues	PRIV	1,900,000
Total other state restricted revenues	STRS	0
State general fund/general purpose	GFGP	35,000,000
<b>BEHAVIORAL HEALTH PROGRAM ADMINISTRATION AND SPECIAL PROJECTS</b>	<b>Appn/Fund</b>	
Behavioral health program administration	32050	1,900,000
<b>GROSS APPROPRIATION</b>		<b>1,900,000</b>
Appropriated from:		
Private funds	5000	1,900,000
<b>EPIDEMIOLOGY, EMERGENCY MEDICAL SERVICES, AND LABORATORY</b>	<b>Appn/Fund</b>	
Laboratory services	50650A	802,100
<b>GROSS APPROPRIATION</b>		<b>802,100</b>
Appropriated from:		
IDG from EGLE	6761	802,100
<b>ONE-TIME APPROPRIATIONS</b>	<b>Appn/Fund</b>	
Title IV-E financing	T67401	35,000,000
<b>GROSS APPROPRIATION</b>		<b>35,000,000</b>
Appropriated from:		
State general fund/general purpose	1000	35,000,000

**Explanation**

This supplemental request seeks \$802,100 in State Restricted Authorization for the Laboratory Services line. This additional authorization is needed to allow the Department of Health and Human Services (DHHS) to spend an Interdepartmental Grant (IDG) received from the Department of Environment, Great Lakes and Energy (EGLE). The IDG funds will be used to support laboratory activities related to the analysis and monitoring of fish tissue for chemical contaminants as well as implementation of the Homeland Security BioWatch program which intends to detect and respond to biological terrorism and chemical threats.

**Report ID:** BUD-SUPLET-0047

**SIGMA**

**Run Date:** 11/18/2021

**Supplemental Letter Detail**

**Run Time:** 1:27:56 PM

**Supplemental Letter # 2021-11**

This supplemental request seeks \$1.9 million in private authorization for the Behavioral Health Program Administration line. This authorization is needed to allow the department to spend private grants awarded by the Michigan Health Endowment Fund and Vital Strategies. Grants provided through the Michigan Health Endowment Fund will be used to support the following programs: Children's Behavioral Health System Reform, Developmental Behavioral Treatment in Hospitals, and Behavioral Health System Improvement. The Vital Strategies grant will be used to support the Michigan Syringe Services Programs Operations Continuity Support.

The supplemental requests General Fund to address a recently identified overclaim of Federal Title IV-E reimbursement for administrative costs. Fixing this financing problem will also require ongoing GF for future fiscal years.

**Report ID:** BUD-SUPLET-0047

**SIGMA**

**Run Date:** 11/18/2021

**Supplemental Letter Detail**

**Run Time:** 1:27:56 PM

**Supplemental Letter # 2021-11**

## **Military and Veterans Affairs**

### **Boilerplate**

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Sec. xxx. In addition to the funds appropriated in part 1, private revenues held by the state on a non-fiduciary basis are appropriated to pay medical expenses, member assessments and other member-incurred expenses.

### **Explanation**

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This supplemental request provides a boilerplate appropriation for certain private revenues held by the Michigan Veterans Homes. Under new GASB requirements, these revenues are considered to be governmental funds, rather than fiduciary funds, which now require a specific budget appropriation.

**Report ID:** BUD-SUPLET-0047**SIGMA****Run Date:** 11/18/2021**Supplemental Letter Detail****Run Time:** 1:27:56 PM**Supplemental Letter # 2021-11****Natural Resources**

<b>Appropriation Summary</b>	<b>Appn/Fund</b>	
<b>GROSS APPROPRIATION</b>		<b>4,500,000</b>
Total interdepartmental grants and interdepartmental transfers	IDGT	0
<b>ADJUSTED GROSS APPROPRIATION</b>		<b>4,500,000</b>
Total federal revenues	FDRL	0
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	3,500,000
State general fund/general purpose	GFGP	1,000,000

<b>ONE-TIME APPROPRIATIONS</b>	<b>Appn/Fund</b>	
Legal services	T50905	1,000,000
<b>GROSS APPROPRIATION</b>		<b>1,000,000</b>
Appropriated from:		
State general fund/general purpose	1000	1,000,000

<b>RECREATIONAL LANDS AND INFRASTRUCTURE</b>	<b>Appn/Fund</b>	
Snowmobile trail development and maintenance	C88080	3,500,000
<b>GROSS APPROPRIATION</b>		<b>3,500,000</b>
Appropriated from:		
Snowmobile trail improvement fund	2464	3,500,000

**Boilerplate**

Sec. xxx. The unexpended funds appropriated in part 1 for legal services are designated as a work project appropriation, and any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditure for the projects under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the project is for the renegotiation of the 2000 Consent Decree.
- (b) The project will be accomplished by utilizing state resources, contracts, or grants.
- (c) The total estimated cost of the project is \$1,000,000.00.
- (d) The tentative completion date is September 30, 2025.

Sec. xxx. The appropriations in part 1 for DNR - snowmobile trail development and maintenance shall be carried forward at the end of the fiscal year consistent with section 248 of the management and budget act, 1984 PA 431.18.1248.

**Report ID:** BUD-SUPLET-0047

**SIGMA**

**Run Date:** 11/18/2021

**Supplemental Letter Detail**

**Run Time:** 1:27:56 PM

**Supplemental Letter # 2021-11**

**Explanation**

This supplemental provides \$1.0 million GF/GP to support departmental expenses incurred through the U.S. District Court-ordered consent decree negotiations among the DNR, the federal government, and five sovereign tribal nations. The parties are renegotiating the 2000 consent decree pertaining to Great Lakes fisheries resources. The 20-year agreement expired in August 2020, although it has been extended several times to allow for continued negotiations, which have been delayed due, in part, to the ongoing COVID-19 pandemic. The funds requested here support the costs for a Special Assistant Attorney General (SAAG), mediation, pre-litigation research on usufructuary rights, and related employee payroll and travel expenses. The agreement now expires on December 31, 2021, with negotiations continuing through the use of a mediator. Accompanying boilerplate provides a work project designation allowing the funding to be carried forward into FY2022.

The supplemental also requests \$3.5 million in capital outlay spending authorization from the Snowmobile Trail Improvement Fund, of which \$2.15 million would be allocated for grants to snowmobile clubs to replace aging snowmobile trail grooming equipment and \$1.35 million would be used to repair the Manistee River bridge in Mesick, which is closed to snowmobile traffic due to unsafe conditions. A sufficient fund balance exists within the Snowmobile Trail Improvement Fund to support these projects. Spending authorization is needed as soon as possible to deploy equipment for the upcoming season and to execute contracts for construction.

**Report ID:** BUD-SUPLET-0047**SIGMA****Run Date:** 11/18/2021**Supplemental Letter Detail****Run Time:** 1:27:56 PM**Supplemental Letter # 2021-11****State Police**

<b>Appropriation Summary</b>	<b>Appn/Fund</b>	
<b>GROSS APPROPRIATION</b>		<b>144,400,000</b>
Total interdepartmental grants and interdepartmental transfers	IDGT	0
<b>ADJUSTED GROSS APPROPRIATION</b>		<b>144,400,000</b>
Total federal revenues	FDRL	140,000,000
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	4,400,000
State general fund/general purpose	GFGP	0
<b>DEPARTMENTAL ADMINISTRATION AND SUPPORT</b>	<b>Appn/Fund</b>	
Department services	11500	0
<b>GROSS APPROPRIATION</b>		<b>0</b>
Appropriated from:		
Coronavirus relief fund	3140	(85,200)
State general fund/general purpose	1000	85,200
<b>LAW ENFORCEMENT</b>	<b>Appn/Fund</b>	
Criminal justice information center	38750	4,400,000
Forensic science	40100	0
<b>GROSS APPROPRIATION</b>		<b>4,400,000</b>
Appropriated from:		
Coronavirus relief fund	3140	(340,800)
Criminal justice information center service fees	1531	4,400,000
State general fund/general purpose	1000	340,800
<b>FIELD SERVICES</b>	<b>Appn/Fund</b>	
Investigative services	33530	0
Post operations	45610	0
<b>GROSS APPROPRIATION</b>		<b>0</b>
Appropriated from:		
Coronavirus relief fund	3140	741,800
State general fund/general purpose	1000	(741,800)

**Report ID:** BUD-SUPLET-0047**SIGMA****Run Date:** 11/18/2021**Supplemental Letter Detail****Run Time:** 1:27:56 PM**Supplemental Letter # 2021-11**

<b>SPECIALIZED SERVICES</b>	<b>Appn/Fund</b>	
Emergency management and homeland security	41460	0
Intelligence operations	49490	0
<b>GROSS APPROPRIATION</b>		<b>0</b>
Appropriated from:		
Coronavirus relief fund	3140	(315,800)
State general fund/general purpose	1000	315,800
<b>ONE-TIME APPROPRIATIONS</b>	<b>Appn/Fund</b>	
Emergency and disaster response and mitigation	T41360	140,000,000
<b>GROSS APPROPRIATION</b>		<b>140,000,000</b>
Appropriated from:		
DHS	3565	140,000,000

**Explanation**

This supplemental request provides state restricted authorization to align authorization with Governmental Accounting Standards Board (GASB) standards related to the recording of revenues and expenses. GASB standards require the Michigan State Police to record fingerprint fees collected on behalf of the Federal Bureau of Investigations (FBI) as revenues when collected by third parties and expenditures when paid to the FBI. This change in accounting does not result in any additional actual payments being made but does require that the cash received and sent out related to FBI fingerprints be recorded as revenue and expenditures.

This supplemental request aligns federal authorization to the Emergency and disaster response and mitigation line to align authorization with available Federal Emergency Management Agency (FEMA) funding to support COVID response and mitigation projects administered by the Michigan Department of Health and Human Services.

This request transfers general fund authorization from the Post Operations line and swaps it with federal Coronavirus Relief Fund authorization from various line items to align Coronavirus Relief Fund authorization in with eligible expenditures. With the use of Coronavirus Relief Fund extended through December 31, 2021, and a reduction in the number of department personnel engaged in Coronavirus Relief Fund eligible work, eligible expenses are now primarily being recognized in the Post Operations line. This adjustment was previously requested in Legislative Transfer Letter 2021-4 but was not passed in identical versions by the House and Senate.



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**Supplemental Letter # 2021-11**

**Treasury**

**Boilerplate**

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Sec. xxx. After all other required expenditures described in section 16(3) of the fantasy contests consumer protection act, 2019 PA 157, MCL 432.516; section 16(4) of the lawful internet gaming act, 2019 PA 152, MCL 432.316; and section 16(4) of the lawful sports betting act, 2019 PA 149, MCL 432.416 are made, any monies remaining in the fantasy contest fund, internet gaming fund, and internet sports betting fund are appropriated and shall be deposited into the state school aid fund as described in section 16(3)(b) of the fantasy contests consumer protection act, 2019 PA 157, MCL 432.516; section 16(4)(d) of the lawful internet gaming act, 2019 PA 152, MCL 432.316; and section 16(4)(d) of the lawful sports betting act, 2019 PA 149, MCL 432.416.

Sec. xxx. In addition to any other amounts appropriated for the fostering futures scholarship program, money granted or money received as gifts or donations to the fostering futures scholarship trust fund created by 2008 PA 525, MCL 722.1021 to 722.1031, is appropriated for expenditure for the purposes of the program.

**Explanation**

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Legislation enacted in fiscal year 2020 established new sources of revenue related to internet gaming, sports betting, and fantasy contests (Lawful Internet Gaming Act, PA 152 of 2019; Lawful Sports Betting Act, PA 149 of 2019; Fantasy Contests Consumer Protection Act, PA 157 of 2019). In accordance with those acts, all money remaining in the Fantasy Contest Fund, Internet Gaming Fund, and Internet Sports Betting Fund after all other required expenditures must be deposited into the State School Aid Fund (SAF). This recommendation authorizes those deposits consistent with the relevant statutes. In fiscal year 2021, Michigan Gaming Control Board projects over \$86 million will be available for transfer to SAF.

This boilerplate recommendation ensures that charitable contributions made to the Fostering Futures Scholarship Trust Fund can be spent consistent with and within the constraints outlined in the Fostering Futures Scholarship Trust Fund Act, 2008 PA 525. The Department of Treasury administers and directs the investment of the trust fund consistent with the act. The requested language clarifies the department's budget authority as it relates to using gifts, grants, or other donations of money or property to the trust fund for the purposes of the program, including to award college scholarships to eligible foster care youth.